



Tackling fuel poverty 2020 to 2035

CIEH response to the Welsh Government

December 2020

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Key points:

We welcome the publication of this consultation and the ambition to set a new long-term strategy to tackle fuel poverty in Wales.

The targets set out in this strategy should have a statutory basis and include both interim as well as long-term targets to enable progress to be measured throughout the 15 years of the strategy.

We feel that changing the measure of success from Energy Performance Certificates (EPCs) to kWh is inappropriate for households living in fuel poverty, which already tend to under-heat their homes. The aim should be to create a healthy and safe home environment, which contributes to health and wellbeing, first and foremost. However, a combination of targets may work best to ensure that progress is captured in a variety of ways.

We have heard that many more households may have fallen into fuel poverty this year as the result of the pandemic. Up to date figures on fuel poverty in Wales are therefore needed to ensure that progress can be accurately benchmarked going forward.

Wales has more off-gas rural properties to tackle than England, yet this strategy does not make any specific recommendations or proposals about how to help people living in fuel poverty in these circumstances.

Whilst we do not disagree with any of the ten short term actions proposed, these could be more ambitious and tangible.

Question 1: The Welsh Government proposes to deliver 10 actions over the next two years as part of our efforts to tackle fuel poverty. Are you aware of additional actions the Welsh Government could take, which could contribute to our efforts to reduce fuel poverty in the next two years?

We are pleased to see that the Welsh Government has committed to developing a new Fuel Poverty Plan and we welcome the opportunity to contribute to this consultation and comment on the draft proposals. A long-term focus on fuel poverty in Wales is important in order to make progress in this area. Whilst the number of households in fuel poverty in Wales has halved since 2008, an estimated 12% or 155,000 households in Wales are still living in fuel poverty¹ and the statutory targets that were in place were missed.² Covid-19 is likely to have left many households more vulnerable to fuel poverty than ever before and we have heard from our partners that demand for help this Winter has doubled in some areas. Up to date statistics on fuel poverty would therefore be vital so that set targets may be benchmarked against up to date figures.

The consultation mentions that all the ten actions are short term due to the volatile landscape at the moment, due to Brexit and the pandemic. However, we feel that setting a longer-term ambition and trajectory is very important to give all stakeholders clarity and confidence on the direction of travel and overall aim of the strategy.

We welcome the proposals for monitoring, evaluation and reporting of the Plan but we are concerned that there is no commitment to produce annual fuel poverty statistics and few details on what other data will be included in this dataset. We recommend that the Welsh Government produce annual fuel poverty statistics similar to the English Fuel Poverty Statistics in order to provide up to date information on progress made on eradicating fuel poverty.

The action plan has no detail on how rural areas and other off-gas and hard to heat homes will be supported. This is a key area for Wales and the area that is likely to be most challenging in terms of achieving the Strategy. Action point 2 says Welsh Government will 'consult on the level of financial support offered to beneficiaries of the programme, especially for householders living in rural areas of Wales'. We would like to see more concrete proposals on how rural communities would be supported, including a commitment to delivering a holistic plan as to how the Warm Homes Programme can deliver improvements in energy efficiency for rural communities.

The final plan must also include further details on how the Welsh Government will maximise opportunities by working with a variety of partners from across the UK. For example, by maximising resources available under existing schemes such as Energy Company Obligation (ECO), working with local authorities, the Department for Housing and Local Government and the UK Government's Ministry of Housing and Communities and Local Government (MHCLG) to enhance co-operation on improving energy efficiency within the Private Rented and Social Rented sector.

Question 2: The Welsh Government is proposing to maintain the definition of fuel poverty established in the Warm Homes and Energy Conservation Act 2000 in relation to Wales. Do you think this is appropriate or are you aware of a more appropriate definition to be used in relation to Wales, and if so, why?

This sounds like an appropriate definition as it will cover both the state of the buildings and take into account people's circumstances. However, it should be noted that there will be divergence from the new definition for fuel poverty, which will be used in England going forward.³ This will be relevant where there is legislation or policy that covers both England and Wales, such as the new Minimum Energy Efficiency Standards for the private rented sector, which are out for consultation at the moment.⁴ These minimum standards align with the new definition in England of reaching EPC Band C in fuel poor homes by 2030. It may therefore be useful for the Welsh Fuel Poverty Strategy to also include some targets based on EPCs.

Question 3: The WAO suggested the Welsh Government should clearly set out whether, and if so how, it will support fuel poor households who are not eligible for Nest and do not live in an area covered by Arbed. We believe expanding our current programmes to deliver support people living on lower incomes, not necessarily on means tested benefits, is appropriate. Is the lower income definition proposed in this plan an appropriate level to target support, or should the threshold be set at a different level?

We welcome the proposals to expand current programmes to deliver support related to household income levels rather than being linked only to means tested benefits, as some households on very low incomes can otherwise miss out on support. However, programmes should also be targeting those living in the coldest most energy inefficient homes – in Bands E, F and G – to identify and help the 'worst first'.

We do not agree with the proposed definition of a satisfactory heating regime for homes, which do not contain old or disabled people. Nine hours of safe and healthy temperatures on weekdays is not sufficient if members of the household are likely to find themselves at home all day – for example, someone working from home regularly or a stay at home parent. This year has shown that families may sometimes need to spend long periods of time at home, due to self-isolation or lockdown restrictions. The definition of a satisfactory heating regime should therefore be to achieve safe indoor temperatures for all waking hours.

Question 4: The Welsh Government proposes to amend the definition of a home vulnerable to being "at risk" of living in fuel poverty to include homes with single occupants aged under 25 years of age. Do you agree young people living alone should be included in this definition, or should the definition in the 2010 Strategy be retained?

We welcome the inclusion of this new group into the vulnerable category. There will be several reasons why someone under 25 living alone may be at risk of falling into fuel poverty. For example, those living alone will not be able to share energy bills with anyone else, they may be more likely to have a low paid job or they may come from a care setting. However, there are usually several reasons why someone is vulnerable. For example, someone under the age of 25, living alone and on a low income or someone under 25, living alone in a very energy inefficient home (Band E, F and G). Defining this group further may be a more targeted approach.

We would also be keen to know how this definition would be applied and used in practice – whether will these persons would be eligible for more help or whether the definition would only be used for measurements of the 'at risk' population?

Question 5: The Welsh Government proposes to maintain the current measures of fuel poverty used in relation to Wales, adding the measure of 8% to measure homes “at risk” of fuel poverty and a measure of persistent fuel poverty as being fuel poor for two out of the last three years. Do you consider these measures to be appropriate for measuring fuel poverty in Wales or should alternative measures be developed?

The measure of 8% of household income being spent on energy seems appropriate to define households at risk of fuel poverty, given that fuel poverty is defined as spending more than 10% of income on energy. We particularly welcome the use of the Low Income Low Energy Efficiency Measure, which will allow benchmarking of progress on fuel poverty with England.

We also welcome the proposed additional measure of people in persistent fuel poverty, defined by the Social Metrics Commission as living below a defined poverty measure in two of the preceding three years. However, whilst this sounds like an appropriate measure in theory, we are not sure whether good historical data will be available to be able to measure this accurately in practice. For example, a household may only fall into poverty for a couple of months each year and historical data may be difficult to obtain. If this measure is to be used for eligibility purposes, it may be easier to base it on the definition of severe fuel poverty (20% of income spent on energy) instead.

Question 6: Do you think the reduction in KWh is a more effective measure for improving home energy efficiency in homes experiencing fuel poverty, or should the current EPC modelled estimates be retained as a measure of success?

We strongly disagree with the proposed move from using EPCs to KWh in order to measure success of the fuel poverty strategy. Households in fuel poverty often under-heat their homes or even self-disconnect their energy supply because they cannot afford to pay their energy bills. This means that these households are currently using less energy than they should in order to keep their home warm to a healthy and comfortable temperature. It is therefore not appropriate to have a measure which implies that energy consumption should be reduced further by fuel poor households.

Furthermore, this target would not be able to record progress being made to improve the energy efficiency of homes. For example, households in a more energy efficient home may use the same amount of energy to heat the home as before but, due to the extra insulation, manage to achieve healthy indoor temperatures. This would be a great outcome of the fuel poverty strategy. However, the target of KWh would not be able to discern or capture the progress made in this example. Furthermore, it may be difficult to have accurate data on KWh from properties heated with oil rather than gas and electricity.

If the measure of success is inappropriate and cannot demonstrate progress clearly, it is more likely that future Welsh Governments may abandon the programme or reduce spending in this area. With the Department for Business, Energy and Industrial Strategy committing to improving the quality and accuracy of EPCs in the coming years,⁵ these should become a more reliable measure of progress towards energy efficiency in the future. However, the KWh target may be an appropriate additional measure for the whole population and to track progress made in Wales towards reducing energy use and carbon emissions.

We would welcome a multi-faceted measure for progress of the fuel poverty strategy, which includes both EPCs and KWh. Both measures have their limitations and may not be perfect on their own. It will take time for the accuracy of EPCs to improve, even with the BEIS Action Plan, as EPCs only need to be renewed every ten years and the ratings given to similar properties can vary quite a bit. Moreover, some owner occupied properties in fuel poverty would not have a valid EPC so another measure would be good to show any improvement achieved. However, instead of measuring KWh and aiming to reduce these down, it would be more sensible to ask whether a particular home is using less or more energy than the average home of that type. Getting it closer to an average energy use would therefore be a successful outcome, where a home can be heated to a safe temperature.

Question 7: We would like to know your views on the effects our proposals to tackle fuel poverty could have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

We do not see any impacts on the Welsh language as a result of these proposals.

Question 8: Please also explain how you believe our proposals to tackle fuel poverty could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language

We do not see any impacts on the Welsh language as a result of these proposals. However, we are assuming that any advice or schemes provided will be available in Welsh as well as in English.

Question 9: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to let us know what you think.

By 2035, the strategy aims to achieve as far as possible that:

- No households are estimated to be living in severe or persistent fuel poverty
- No more than 5% of households are estimated to be living in fuel poverty at any one time
- The number of households “at risk” of falling into fuel poverty will be more than halved based on the 2018 estimate

However, these targets will not have a statutory basis and no interim targets are proposed to ensure adequate progress is being made towards achieving these long-term targets. Given that the strategy will last for the next 15 years, this is likely to span 3 different Government terms. It is therefore important that the targets are set in law and there is enough benchmarking data and interim targets set in order to measure progress as the strategy progresses.

Welsh Government has a statutory obligation to introduce interim and final targets, as set out in the Warm Homes and Energy Conservation Act 2000. We would suggest good interim targets could be to eliminate severe fuel poverty by 2028 and to match the requirement in England for all fuel poor homes to reach EPC C by 2030.

We would like to see the Welsh Government working closely with UK Government Departments where policy areas overlap and so that the needs of the Welsh population can be incorporated into initiatives and policy at the outset. A key area will be how the new Minimum Standards in the private rented sector will be applied in Wales. For example, Wales has more rural off-gas properties. Many of these will have oil-fed heating systems for which there are currently no grants or support available. Key questions to work out will be how EPC Band C could be achieved for off-gas properties in rural locations and what other energy efficiency improvements can happen in those properties to ensure that people living with these heating systems can be lifted out of fuel poverty.

¹ The statistics noted in this section are taken from Welsh Government fuel poverty estimates for Wales in 2018, published in May 2019 and updated on the 13 December 2019. See here for further information:

<https://gov.wales/sites/default/files/statistics-and-research/2019-12/fuel-poverty-estimates-wales-2018.pdf>

² Despite fuel poverty levels halving since 2008, the original aims ‘to eradicate fuel poverty for vulnerable households by 2010; in social housing by 2012; and to eradicate fuel poverty for all households in Wales by 2018’ have not been achieved.

³ [Fuel poverty strategy in England consultation](#), BEIS, July 2019.

⁴ <https://www.gov.uk/government/consultations/improving-the-energy-performance-of-privately-rented-homes>

⁵ [Energy performance certificates for buildings: Action plan](#), BEIS, Sep 2020.